

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-07 NEA-10 IO-13 ISO-00 L-03 FRB-03

OMB-01 ITC-01 SP-02 USIA-06 AGR-05 AID-05 CIAE-00

COME-00 INR-07 LAB-04 NSAE-00 OIC-02 SIL-01 STR-04

TRSE-00 CIEP-01 CEA-01 FEA-01 DODE-00 H-02 INT-05

NSC-05 PA-01 SS-15 PRS-01 /126 W

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R 040241Z AUG 76 ZDK
FM AMEMBASSY KUALA LUMPUR
TO SECSTATE WASHDC 4167
INFO AMEMBASSY BANGKOK
AMEMBASSY COLOMBO
AMEMBASSY JAKARTA
USMISSION GENEVA
AMEMBASSY LONDON
AMEMBASSY NEW DELHI
AMEMBASSY PORT MORESBY
AMEMBASSY SINGAPORE

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E.O. 11652: N/A

TAGS: EALR, ECIN, MY

SUBJECT: NATURAL RUBBER: DRAFT PRICE STABILIZATION AGREEMENT TO BE
SUBMITTED TO ANRPC ASSEMBLY FOR ADOPTION. UNCTAD TO BE MAIN
FORUM FOR DISCUSSION WITH CONSUMERS

REF: LONDON 9147

1. SUMMARY: EXECUTIVE COMMITTEE OF ANRPC "FINALIZED" REMAINING
ISSUES OF RUBBER PRICE STABILIZATION AGREEMENT WHICH WILL BE
SUBMITTED TO ANRPC ASSEMBLY FOR SIGNATURE BY MINISTERS IN
INDONESIA IN NOVEMBER, TO BE FOLLOWED BY RATIFICATION.
UNCTAD WILL BE FORUM FOR DISCUSSION OF AGREEMENT WITH CONSUMERS,
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RATHER THAN INTERNATIONAL RUBBER STUDY GROUP (IRSG), WITH

WHICH PRODUCERS DISSATISFIED, END SUMMARY.

2. BEGIN UNCLASSIFIED. SPECIAL MEETING OF ASSOCIATION OF NATURAL RUBBER PRODUCING COUNTRIES EXECUTIVE COMMITTEE, HELD IN KL JULY 26-30, "FINALIZED" REMAINING ISSUES OF DRAFT INTERNATIONAL NATURAL RUBBER AGREEMENT ON PRICE STABILIZATION AND AGREED THAT DRAFT AGREEMENT WOULD BE SUBMITTED TO ANRPC ASSEMBLY FOR ADOPTION AND SIGNATURE BY MINISTERS OF MEMBER COUNTRIES. ASSEMBLY WILL BE HELD IN INDONESIA DURING THIRD WEEK NOVEMBER, IMMEDIATELY PRECEDED BY ANRPC SENIOR OFFICIALS MEETING.

3. EXECUTIVE COMMITTEE ALSO AGREED THAT UNCTAD WOULD BE MAIN FORUM FOR DISCUSSION OF AGREEMENT WITH CONSUMER COUNTRIES. UNCTAD REP, MR. L. HULUGALLE, ATTENDED MEETING AND BRIEFED COMMITTEE ON UNCTAD INTEGRATED PROGRAM FOR COMMODITIES AND ON RESOLUTION ADOPTED AT NAIROBI. END UNCLASSIFIED.

4. BEGIN LIMITED OFFICIAL USE. ANRPC SECRETARY GENERAL INFORMED ECON COUNSELOR THAT ISSUES OF CONCERN EARLIER TO THAILAND NOW RESOLVED BUT THAT ONE TECHNICAL MATTER RE BUFFER STOCK FORMULA STILL LACKED CONCURRENCE OF SINGAPORE. THIS CHARACTERIZED AS MINOR ISSUE AND IS EXPECTED BY SEC GEN TO BE RESOLVED THROUGH HIGH LEVEL REPRESENTATION BEFORE NOVEMBER MEETING. IN SEPARATE CONVERSATION, PRIMARY INDUSTRIES DEPUTY SEC GEN WONG SAID THAT IN VIEW OF EARLIER AGREEMENT IN PRINCIPLE BY ASEAN ECONOMIC MINISTERS AT KL (KL 1339), THERE WAS "NO DOUBT" THAT AGREEMENT WOULD BE REACHED ON FINAL POINT.

5. AFTER SIGNATURE IN INDONESIA, AGREEMENT WOULD COME INTO FORCE WHEN RATIFIED BY MEMBER GOVERNMENTS HOLDING A TOTAL OF 80 PERCENT OF THE VOTES, AS DO MALAYSIA, INDONESIA AND THAILAND.

6. SPECIAL MEETING ATTENDED BY INDIA, INDONESIA, MALAYSIA, PAPUA NEW GUINEA, SINGAPORE, SRI LANKA AND THAILAND. ACCORDING SECRETARY-GENERAL, PAPUA NEW GUINEA AND INDIA NOT EXPECTED TO JOIN AGREEMENT SINCE THEIR RUBBER EXPORTS ARE MINOR. SOUTH VIETNAM MEMBERSHIP IN ANRPC HAS BEEN LIMITED OFFICIAL USE

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SUSPENDED. ACCORDING SEC-GEN, SOCIALIST REPUBLIC VIETNAM (SRV) HAS SUBMITTED INTENTION TO JOIN IRSG AND LOCAL SRV REP IS WAITING INSTRUCTIONS FROM ANOI RE MEMBERSHIP IN AN PC.

7. EXECUTIVE COMMITTEE DECISION THAT UNCTAD WOULD BE MAIN FORUM DIFFERS FROM U.S. UNDERSTANDING OF IRSG CONSENSUS REPORTED PARA 5 REFTEL. WHEN QUERIED ON THIS, ANRPC SEC GEN

(WHO PRESENTED ANRPC PAPER AT JUNE IRSG MEETING) SAID THAT WHILE SOME CONSUMERS WERE CLEAR END FIRM ON POINT, OTHER CONSUMERS WERE NOT, SO THAT NO CLEAR CONSUMER VIEW EMERGED. FURTHERMORE, PRODUCERS' VIEWS WERE NEITHER SOUGHT NOR OFFERED. REFERRING TO TWO SENTENCES OF IRSG FINAL REPORT ON THIS MATTER, SEC GEN SAID ANRPC READ FIRST SENTENCE TO MEAN CLOSE COORDINATION BETWEEN IRSG, ANRPC AND UNCTAD. SECOND SENTENCE NOTED VIEW OF SEVERAL CONSUMER COUNTRIES BUT DID NOT SUGGEST IRSG CONSENSUS. ACCORDING SEC GEN, ANOTHER CONSIDERATION IN CHOOSING UNCTAD AS FORUM IS FACT THAT ALL ANRPC PRODUCERS ARE NOT IRSG MEMBERS. SEC GEN NOTED THAT ANRPC WILL SUBMIT PAPERS ON AGREEMENT AT UNCTAD PREPARATORY MEETING ON RUBBER UNDER COMMODITY-BY-COMMODITY RESOLUTION, TENTATIVELY SCHEDULED FOR JANUARY 1977, PRESUMABLY IN GENEVA, WHICH WILL INCLUDE IRSG.

8. COMMENT: IT APPEARS TO US THAT REMAINING ISSUE WILL BE OVERCOME AND THAT AGREEMENT WILL BE SIGNED AT NOVEMBER ASSEMBLY. WE EXPECT PROMPT RATIFICATION BY MALAYSIA. ANRPC SEC GEN EXPECTS PROMPT RATIFICATION BY INDONESIA, BUT RATIFICATION BY THAILAND EXPECTED TO REQUIRE MORE TIME. HOWEVER, CONSIDERATION OF RUBBER AGREEMENT IN UNCTAD PREPARATORY MEETING COULD, IF NECESSARY, PROCEED ON BASIS OF SIGNED AGREEMENT PENDING COMPLETION OF RATIFICATION PROCEDURE IT APPEARS HERE THAT IMPORTANT FACTOR IN DECISION TO UTILIZE UNCTAD AS FORUM RATHER THAN IRSG IS PRODUCER PERCEPTION OF IRSG AS CONSUMERS' CLUB IN WHICH AGENDA NOT BALANCED AND WHERE DECISIONS ARE NOT FOLLOWED UP. WE REPORTED EARLIER PRODUCER UNHAPPINESS WITH CONSUMER RELUCTANCE TO DISCUSS BASIS FOR CALCULATION OF EXPECTED NR DEMAND. RECENTLY, REFERENCE WAS MADE TO VERY LONG PERIOD OF NON-IMPLEMENTATION OF OCEAN TRANSPORT OF RUBBER PROPOSAL. SOURCES HERE INDICATE THAT SOME CHANGE IS EXPECTED UNDER LIMITED OFFICIAL USE

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DR. BATEMAN, NOTABLY A MORE ACTIVE ROLE BY THE IRSG SECRETARIAT IN THE PREPARATION OF PAPERS.
UNDERHILL

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